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Co. of Chicago on the Examination of Property. Chapter eight is Contract Form of Delivery. Chapter nine is an introduction to chapter ten, a copy of a Trust Deed, which together with chapter twelve on Bond Circulars and sixteen and seventeen on Technical Terms comprises 434 of the 524 pages of the book. The four remaining chapters (12 pp.) are devoted to the Style of Bonds, Sinking Fund, Fire Risk and Loan Value.

WALTER E. LAGERQUIST.

Cornell University.

Les Obligations Américaines et le Portefeuille Français. By LIONEL DE MONTESQUIOU. (Paris: Marcel Rivière et Cie. 1912. Pp. 109. 2 fr.)

The author of this little book has not attempted any extended treatise of the American bond market, but has simply written in a careful and concise way the result of his observations during the last ten years. He has thus attempted a short resumé of this subject, particularly of railroad and public utility bonds, for the benefit of his fellow-countrymen and has shown general familiarity with the bond situation in this country.

The first two or three chapters logically deal with the difference in conditions between France and the United States, and the author takes a sympathetic view of conditions surrounding our newer and less developed nation, seeking to draw the French investor, who for many years has confined his investments to such established securities as consols and rentes, away from the narrow point of view. The author explains the comparative susceptibility of American securities to severe changes in fundamental business conditions, and while he may ascribe too much weight to legislation, etc., as contributory to panics, conditions surrounding these changes in our security markets are quite faithfully portrayed.

In chapters 5, 6 and 7 railroad bonds and public utility bonds are discussed in detail, as it is believed that these are the ones (outside of government and municipal bonds) which would appeal more particularly to the French investor. The author distinctly and pointedly shows that public utilities largely constitute a monopoly in the various cities of France, while on this side of the water they are more often subject to competition. By charts and otherwise, the author shows how the earnings of public utility companies are less affected by periods of depression than either

railroads or industrials, but he realizes that there are also discouraging features connected with public utilities. Altogether, this little treatise shows the French investor the advantages of certain bonds, and seeks to remove the national prejudice against absolutely good, safe, and desirable American bonds.

ROGER W. BABSON.

Auditing and Cost Accounts. By SEYMOUR WALTON and STEPHEN W. GILMAN. (New York: Alexander Hamilton Institute. 1911. Pp. xx, 512. \$2.50.)

This volume (XI) of the "Modern Business" series is composed of two parts, the first on "Auditing," by Professor Walton, and the second on "Cost Accounts," by Professor Gilman. In Part 1, the subject of auditing has been closely correlated with accounting, in order to bring out the underlying principles that should be observed, and the benefits to be derived from the constructive work of the auditor. Walton stands on safe ground in nearly every case; he carefully points out all possibilities of fraud and deception, and is very particular in each instance to outline the best plan for avoiding such fraud. Wherever there are several alternative methods of treating a special class of items, he shows these alternatives, and gives his reasons for rejecting unsound methods and for adopting the course he suggests. He considers in detail the methods the auditor should adopt in handling the more important and difficult accounts, and treats these with a lucidity that is exemplary. But occasional lapses are noticed from the general high standard of the work. A typographical error has transposed the words "ledger" and "balance" (pp. 53, 11, 17, 18). Even an untrue statement is made, when he says, "The balance sheet, as we have seen, is a statement of the condition of business as shown by the ledger" (p. 119); for such items as wages and interest accrued, due and unpaid, inventory, etc., would not appear on the ledger unless the accounts were being closed, while a balance sheet, in which these would have to be included in order to be correct, is frequently made out without the closing of the books. Further, his treatment of "Patents" account, by adding "the expense of legal fees in defending the patents or in prosecuting any infringers" (p. 77), as an integral part of the value of the patents, seems of doubtful validity; for the value of the patents for manufacturing purposes is not enhanced by the ex-